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The President's Daily Brief

14 April 1969
(Morning)

~~*Top Secret*~~ 50X1

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I. MAJOR DEVELOPMENTS

VIETNAM

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[redacted]

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Ambassador Zorin put forward [redacted] on 11 April in a conversation with Ambassador Lodge. According to Zorin, the NLF call for new people in the Saigon government who stand for a peaceful settlement was not an ultimatum which called for a US rejection. Zorin went on to acknowledge that Thieu's statement on the political role of the Front marked a difference from his old position. He asserted, however, that Thieu's demand for the dissolution of the Front reinforced Communist suspicions of his intentions.

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The comments of Zorin could be taken as a sign that the Communists have softened their demand for a "peace cabinet" and are now hinting that all they want is a sign of Thieu's genuine desire to reach a political settlement with them. [redacted] 50X1 50X1 Zorin hinted strongly that Communist ire is now focused solely on Ky. This, of course, may be only a ploy by Hanoi to split Thieu and Ky, but it could also represent a face-saving fall-back position by the Communists who know that Ky could most easily be sacrificed by Thieu if need be.

Zorin further stated that both Xuan Thuy and Tran Buu Kiem had told him they are ready for secret talks if the US "had new proposals to offer." Zorin said Thuy and Kiem had examined the points offered for discussion by the US to date and had found them unacceptable. From Zorin's remarks it would appear that the Communists do not now intend to respond directly to the US initiative of 22 March but rather will await another approach by the US.

Zorin, however, made the most explicit suggestion to date that the North Vietnamese might be interested in tacit mutual withdrawals as a starter. Zorin said that if the US should withdraw troops, the North Vietnamese "could reply." If the US started, said Zorin, "they might do something." This is vague language and may represent only Zorin's own opinion, but it is remarkably like the line taken by the North Vietnamese last summer in regard to the bombing halt, when DRV spokesmen frequently told us that if we stopped the bombing they "would know what to do."

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[redacted] the Soviets conveyed the impression 50X1
of a softening of the Communist position that the US would have to deal with the Front before any substantive move could be made. [redacted] 50X1
[redacted] Zorin stated that one way the US could move the talks ahead would be by "entering into some kind of relationship with the NLF." [redacted] the NLF and Hanoi have decided "definitively" never to separate the military and political aspects of the problem. Furthermore, they reject categorically US proposals that military problems be discussed separately by the US and DRV and political aspects by the GVN and NLF. 50X1

Zorin once again raised with Ambassador Lodge the danger of Chinese Communist influence on Hanoi. He urged the US to hurry "before those who do not want peace gain more influence than those who do."

Soviet Affairs

Prague's retraction on Saturday of its announcement that more Soviet troops would enter Czechoslovakia suggests additional concessions to Moscow are forthcoming. It is likely that the Soviets gave Dubcek a choice between strict and immediate compliance with their demands or a more intensified occupation, and that the Czechs made a last-minute decision to fulfill the requirements. Soviet Defense Minister Grechko may have carried Czech assurances with him when he returned to Moscow yesterday.

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The Russians are said to have insisted that the Czechs reduce the size of the party's ruling body, the presidium, which is presently dominated by progressives and moderates who support Dubcek. This demand, and Slovak party boss Husak's scathing attack, by implication, on Dubcek and his colleagues, suggest that personnel changes in the party's higher echelons are on the agenda of a central committee plenum beginning on Thursday.

Husak, a "realist" who aligned himself with the leadership during the recent crisis over anti-Soviet demonstrations, also hinted the party would no longer temporize, but would reassert its authority and control the situation; TASS reported his remarks in detail.

Meanwhile, workers, students, and other groups are attempting to pressure the authorities not to cave in to the Russians. The trade unions have reaffirmed their support for progressive policies and called for greater freedom of the press. Some youth groups are said again to be threatening to strike if any popular leaders are removed from the party hierarchy.

The Czech Defense Ministry announced that Warsaw Pact antiaircraft exercises would be held today through Wednesday in Czechoslovakia, Poland, Hungary, and the USSR, but such exercises would hardly serve as a pretext to move additional Soviet troops into Czechoslovakia especially since they were planned a year ago.

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Soviet Ambassador Roshchin at the ENDC meeting in Geneva has asked for a meeting with Ambassador Smith today to deal with the question of new members. Roshchin said he saw considerable advantage in settling the issue during the session now in progress so that the new members could attend when the session is resumed after a recess in May.

West Germany's recently expressed willingness to defer its candidacy will remove a major obstacle to the US package proposal to admit Japan, while preserving an East, West, and non-aligned balance acceptable to the Soviets. Moscow will have no difficulty accepting the Netherlands, the NATO nation most likely to be proposed in place of Bonn.

The US and USSR, co-chairmen of the ENDC, already have agreed to admit Hungary, Mongolia, Argentina, and Tunisia, in addition to Japan. Once the NATO candidate is accepted, the remaining obstacle will be Soviet agreement on membership for Pakistan and Yugoslavia.

* * *

Economic nationalism, long a stumbling block to cooperation among Warsaw Pact nations in their Council for Economic Mutual Assistance (CEMA), again became apparent at a Polish - East German conference in East Berlin last week. A high-level Polish delegation, led by party boss Gomulka, spent two days in the East German capital. While other matters of common concern were discussed and a meeting was held with Soviet Defense Minister Grechko, who flew in from Prague, economic cooperation was apparently the prime topic of discussion.

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Erich Honecker, number two man in the East German party, had mentioned "a big economic conference on CEMA matters in Moscow on 23-24 April" in connection with the Polish visit. This presumably refers to the oft-postponed CEMA summit meeting to grapple with the organization's future course. If a top-level meeting is held this month, these recent Polish - East German talks would suggest that answers to the vexing problems of CEMA will not be forthcoming.

EUROPE

There is nothing of significance to report.

MIDDLE EAST

There is nothing of significance to report.

II. OTHER IMPORTANT DEVELOPMENTS

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PAKISTAN

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ITALY - [redacted] COMMUNIST CHINA 50X1

[redacted] 50X1

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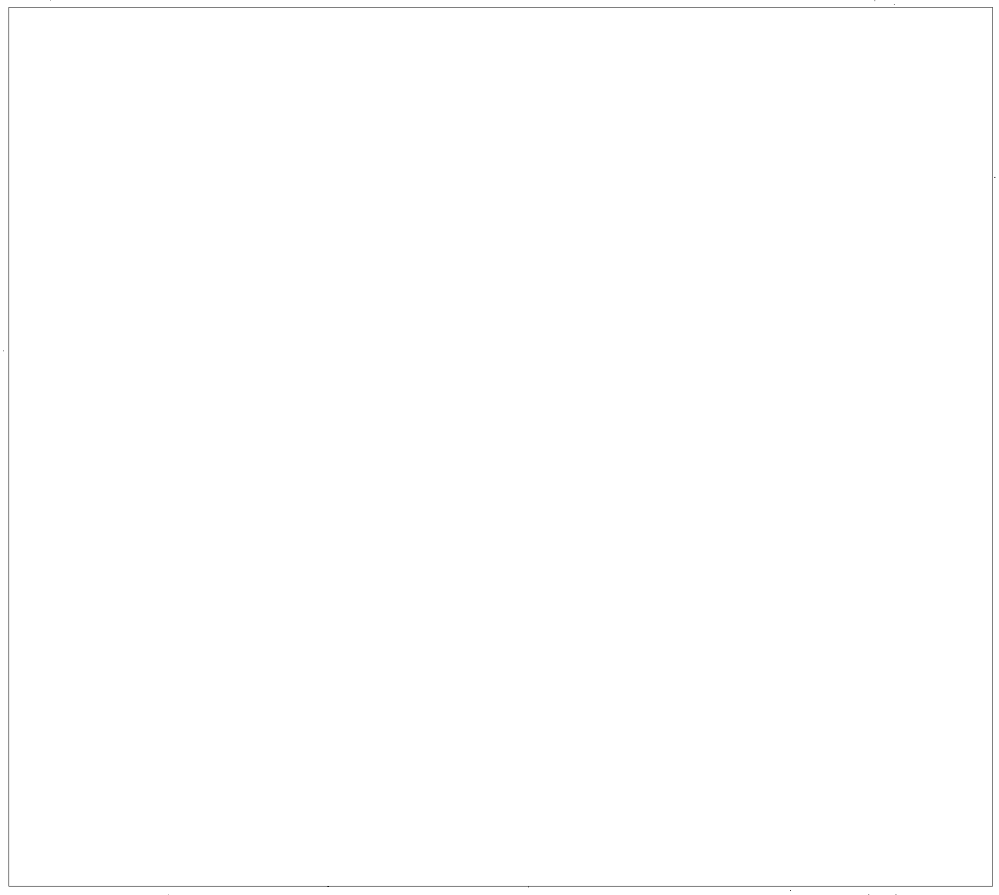

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PERU

President Velasco, straining to portray the deferral of US sanctions as a victory for his government, is basing his claim on unrealistic hopes for fairly large-scale resumption of badly needed foreign credits.

Potential foreign lenders are reluctant to move ahead. Their confidence in Peruvian financial management has been shaken by recent wholesale dismissals of competent personnel from the Peruvian Central Bank. Also, last week Velasco's

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finance minister announced inflationary budgetary plans which are not likely to be in accord with standby commitments with the International Monetary Fund.

The influential, ultranationalistic Lima newspaper El Comercio, meanwhile, has called for a delay in dispatch to the US of the promised Peruvian delegation that is to discuss outstanding US-Peruvian issues. The delegation should not be sent, said the paper, until "it is clearly demonstrated" that lines of US public and private credit and loans by "international institutions under the influence of the US" have been "re-established."

COMMUNIST CHINA

There is still no word from Peking on deliberations of the ninth party congress. A few tentative signs suggest that the congress was due to conclude its work over the past weekend, but the session is still going on. This strengthens our earlier view that the congress has not gone smoothly.

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